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SUBJECT: FORMER HOWARD ADVISOR ON RUDD'S STIMULUS PACKAGE

REF: CANBERRA 1036

Classified By: Deputy Political Counselor John W. Crowley, for reasons
1.4 (b) and (d).

11. (C/NF) SUMMARY: A former adviser to John Howard says the Rudd Government likely made a purely political decision rather than a carefully thought out economic one when it decided on the size of the A\$10.4 billion stimulus plan (reftel). New Liberal Party MP Jamie Briggs, who won the seat of former Foreign Minister Alexander Downer in September, told poloff that the A\$10 billion package, representing approximately half of the budget surplus, was a huge amount for an economy the size of Australia's and, although the Government claims the funds are part of the budget surplus, Government revenue was likely dropping like a stone. The real problems for the Government will become apparent in 2009, when falling revenue would be unable to match spending commitments and Rudd would be forced to make tough choices. Briggs agreed that first-time governments in Australia are almost always reelected and the return of a Coalition government to Australia is likely a five-year project at least. END SUMMARY

12. (C/NF) From 2004-07 Briggs was a senior adviser to Prime Minister John Howard on Workplace Relations, Employment, Industry, and Small Business. Post had selected him for the International Visitor Program in 2007, and he was about to travel to the United States in early 2008 when Alexander Downer approached him to run for the former foreign minister's seat of Mayo in South Australia. Briggs faced a number of competitors in the contest for the Liberal Party's nomination for this safe seat but, with the support of Downer and former Prime Minister Howard, Briggs prevailed. Only 31 years old but with three years experience in the Prime Minister's Office, Briggs is in the forefront of the Liberal Party's renewal process.

SIZE OF THE STIMULUS A POLITICAL DECISION

13. (C/NF) At a meeting with poloff on October 23, Briggs said that he suspected the Rudd Government made a political decision, and not an economic one, in providing for an immediate A\$10.4 billion stimulus package. Briggs claimed the Government would not have had any economic data yet on the global financial turmoil's impact on the Australian economy, and the decision on the size of the stimulus package would have been "guesswork." Briggs said he suspected \$A 5 billion would have been a more judicious initial stimulus but the Government likely made a political decision to throw caution to the wind in an attempt to avoid a recession. The stimulus will allegedly be paid from the budget surplus but with government revenue undoubtedly falling fast, Briggs wondered if there would even be a surplus large enough to cover the stimulus package. (Comment: most observers believe that even with reduced revenues, the surplus will more than cover the stimulus package. End comment.)

THE HARD DECISIONS WILL COME NEXT YEAR

14. (C/NF) Briggs pointed out that the tougher economic decisions for the Government will come early in 2009. With

revenue likely to fall dramatically, Rudd will need to decide which commitments he will fund and which he will postpone. It will be difficult for him to run a budget deficit because it would be unfavorably compared to the Howard-Costello balanced budgets.

LIBERAL PARTY RENEWAL

15. (C/NF) Briggs agreed that the Liberal-National Party Coalition was unlikely to win the next election. New QCoalition was unlikely to win the next election. New Australian governments are almost always reelected and there was no reason to believe 2010 would be any different. The Liberal Party needed to undergo a renewal process, Briggs said, and bring in new MPs like him to replace many of the old Howard-era politicians. This would take a few years. Downer and Costello both entered Parliament when the Liberal Party was in opposition, Briggs noted.

INDUSTRIAL RELATIONS BATTLE HAS BEEN WON

16. (C/NF) Briggs, who was Howard's workplace relations adviser when WorkChoices was passed in 2005, was dismissive of the Rudd Government's plan to rollback WorkChoices. The battle had been won, Briggs maintained. The real work had been done in 1996 when the wildcat strikes and the pattern bargaining and worst forms of union aggression had been outlawed. Those changes were not going to be reversed by the Rudd Government's industrial relations proposals and were now accepted practice.

17. (C/NF) COMMENT: While Briggs is a political opponent of the Rudd Government, he is also a keen political observer with three years experience working a Prime Minister's office. His criticisms of the economic stimulus package appear to be drawn straight from Liberal Party talking points - they mirror what Opposition Leader Malcolm Turnbull told the Ambassador about the stimulus package right after it was announced. In fact, many economists argue that the generally well-received stimulus package (reftel), coming to about 1% of Australian GDP, is more likely to be too small than too large. Only elected last month, Briggs will have to spend some time on the backbenches. He is already doing "doorstop" interviews and making appearances on television, however, so it is clear that the Liberal Party is grooming him for the future.

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